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August 29, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's response to the following Information Request:

From the Attorney General:

AG-1-28 (2<sup>nd</sup> Supplemental)

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Per Ground Rules Memorandum issued June 13, 2005:

Paul E. Osborne, Assistant Director – Rates and Rev. Requirements Div. (1 copy)  
A. John Sullivan, Rates and Rev. Requirements Div. (4 copies)  
Andreas Thanos, Assistant Director, Gas Division (1 copy)  
Alexander Cochis, Assistant Attorney General (4 copies)  
Service List (1 electronic copy)

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
FIRST SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL  
D. T. E. 05-27

Date: August 29, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

**SECOND SUPPLEMENTAL RESPONSE**

AG-1-28: Please itemize all expenses allocated or assigned to the Company from each of its affiliates. In your response, please include the expense account description, account number, allocation formula, all workpapers, calculations, assumptions and basis for assumptions for each expense allocated.

Response: Bay State does not maintain this information in the format requested. Bay State will endeavor to create this information to respond to the inquiry and will supplement this response when the information is available.

Supplemental

Response: The primary affiliate allocating costs to Bay State during the Test Year was its affiliated service company, NiSource Corporate Services Company ("NCSC"). Allocated amounts included in Bay State's Test Year O&M Expense are listed in Exhibit BSG/JES-6. The account charged on Bay State's books for these transactions is Account 923, Outside Services Employed. Invoices showing costs by job order of contract billings have been provided for the years 2002, 2003 and 2004 in response to AG-1-89. Please refer to Exhibit BSG/JES-1, pages 27 through 32 for a description of NCSC services and billing process. Attachment AG-1-28 (A) provides further detail as outlined below. See also the Company's response to AG-1-26 for a copy of the Bay State – NCSC service agreement.

**SEC Approved Allocation Methodologies**

This schedule lists the Allocation Bases or methodologies that are approved by the SEC.

**Allocation Percentages for Basis 1**

This schedule lists the percentages allocated to each company under allocation method basis 1.

**Allocation Percentages for Bases 2, 7, 8, 9 and 20**

This schedule lists the percentages allocated to each company under allocation methods using basis 2, 7, 8, 9 and 20.

**Allocation Percentages for Basis 14, 15, 16 and 17**

This schedule lists the percentages allocated to each company under allocation method using basis 10, 14, 15, 16 and 17.

**Allocation Percentages for Basis 11**

This schedule lists the percentages allocated to each company under allocation method basis 11.

**Allocation Percentages for Basis 13**

This schedule lists the percentages allocated to each company under allocation method basis 13.

In addition to charges from NCSC, Bay State is also allocated charges from its subsidiary Northern – New Hampshire per the Bay State – Northern affiliate agreement. Attachment AG-1-28 (B) provides a summary of the billings that were recorded under this agreement in 2004.

Employees in cost centers 5500 (Energy Products and Services) and 5315 (Marketing) are Northern – New Hampshire employees working for the benefit of Bay State, Northern – New Hampshire and Northern – Maine. The costs were accumulated and billed on a month lag. Attachment AG-1-28 (C) provides a worksheet used to summarize these costs.

The Bay State – Northern affiliate agreement supporting the allocation percentages shown in Attachments AG-1-27 (B) & (C) can be found in the Company's response to AG-1-27.

Employees in cost center 5358 (Northern Mgmt Fee) provide oversight to the border service area (Lawrence – Mass and Portsmouth – New Hampshire). These costs are also allocated per the Bay State – Northern affiliate agreement and details are provided in the response to Attachments AG-1-27 (B) & (C). The 2004 costs are accumulated by month on Attachment AG-1-28 (D).

In addition to the departmental costs, a portion of the Portsmouth – New Hampshire building costs are also allocated to Bay State. Attachment AG-1-28 (E) provides the basic calculation of the Portsmouth building costs allocated.

The Company notes that it also records both affiliate transactions related to long term and short term debt, including associated interest costs, as well as certain gas purchase related expenses (i.e., Granite State Gas Transmission). Since these costs are based on certain terms associated with the debt agreement, the level of debt, a contracted amount or a volumetric charge based on usage, these costs are not considered assigned or allocated.

**Second  
Supplemental**

**Response:** Per Page 3550 of Transcripts Vol. 21 (August 5, 2005), please find a clear copy of Attachment AG-1-28 (A) SECOND SUPPLEMENT as ordered by the hearing officer. Also, see the Cross-Reference Table for Attachment AG-1-28 (A) for a listing the NiSource company names and associated company numbers, which originally appeared on Pages 3 through 8 on Attachment AG-1-28 (A) and now appear on pages 5 through 13 of Attachment AG-1-28 (A) SECOND SUPPLEMENT.<sup>1</sup> The two letter codes originally appearing on the top of Pages 3 through 8 of Attachment AG-1-28 (A) reflect a coding system used by NCSC to organize companies into particular allocation groups. These codes are used to identify the distribution of allocable costs among specific companies. For example, the AX code shown on Page 5 of 13 of Attachment AG-1-28 (A) SECOND SUPPLEMENT shows that 6.22% should be assigned to Company 76 (Northern Utilities – Maine Division), 9.39% should be assigned to Company 77 (Northern Utilities – New Hampshire Division) and 84.39% should be allocated to Company 80 (Bay State Gas Company).

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<sup>1</sup> The Company notes that no changes have been made to the data (e.g., allocations percentages) that first appeared on Pages 3 through 8 of Attachment AG-1-28 (A). However, certain formatting changes have been made to make the response more legible, which has changed the page numbering from the original filing.

**NiSource Corporate Services - 1st Tier Billing Companies  
Cross-Reference Table**

<b><u>Company Number</u></b>	<b><u>Company Name</u></b>
11	Columbia Energy Group-Parent Company
12	NiSource Corporate Services
14	Columbia Gulf Transmission Company
15	Columbia Energy Services Corporation
20	Columbia Network Services Corporation
22	Columbia Insurance Company
24	TPC
32	Columbia Gas of Kentucky, Inc.
34	Columbia Gas of Ohio, Inc.
35	Columbia Gas of Maryland, Inc.
37	Columbia Gas of Pennsylvania, Inc.
38	Columbia Gas of Virginia, Inc.
44	NiSource Crossroads Pipeline Company
45	Columbia Deepwater
47	Columbia Finance Corporation
51	Columbia Gas Transmission Corporation
52	Columbia Atlantic Trading Corporation
54	Columbia Remainder Corporation
58	NiSource, Inc.
59	Northern Indiana Public Service Company
60	NiSource Development Company
62	NiSource Capital Markets
63	NiSource Energy Services
64	Kokomo Gas and Fuel Company
65	Northern Indiana Fuel and Light
68	Energy USA, Inc.
69	Primary Energy, Inc.
71	NiSource Retail Services
73	Granite State Gas
75	NiSource Finance Company
76	Northern Utility - Maine
77	Northern Utility - New Hampshire
78	NiSource Energy Technology
80	Bay State Gas
84	Columbia Gas of Ohio Receivables Corporation

***Exhibit A***  
***BASES OF ALLOCATION***

The SEC approved Bases of Allocation shown below will be used by the Corporate Services Accounting Department for apportioning Job Order charges to affiliates.

**BASIS 1**

**GROSS FIXED ASSETS AND TOTAL OPERATING EXPENSES**

- Fifty percent of the total job order charges will be allocated on the basis of the relation of the affiliate's gross fixed assets to the total gross fixed assets of all benefited affiliates; the remaining 50% will be allocated on the basis of the relation of the affiliate's total operating expenses to the total operating expenses of all benefited affiliates.

**BASIS 2**

**GROSS FIXED ASSETS**

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its total gross fixed assets to the sum of the total gross fixed assets of all benefited affiliates.

**BASIS 7**

**GROSS DEPRECIABLE PROPERTY AND TOTAL OPERATING EXPENSE**

- Fifty percent of the total job order charges will be allocated on the basis of the relation of the affiliate's total operating expenses to the total of all the benefited affiliates' total operating expense; the remaining 50% will be allocated on the basis of the relation of the affiliate's gross depreciable property to the gross depreciable property of all benefited affiliates.

**BASIS 8**

**GROSS DEPRECIABLE PROPERTY**

- Job order charges will be allocated to each benefited affiliate on the basis of the relationship of its total depreciable property to the sum of the total depreciable property of all benefited affiliates.

**BASIS 9**

**AUTOMOBILE UNITS**

- Job order charges will be allocated to each benefited affiliate on the basis of its number of automobile units to the total number of all automobile units of the benefited affiliates.

***Exhibit A***  
***BASES OF ALLOCATION***

**BASIS 11**

**NUMBER OF REGULAR EMPLOYEES**

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its number of regular employees to the total number of all regular employees of the benefited affiliates.

**BASIS 13**

**FIXED ALLOCATION**

- Job order charges will be allocated to each benefitted affiliate on the basis of fixed percentages on an individual project basis.

**BASIS 14**

**NUMBER OF TRANSPORTATION CUSTOMERS**

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Transportation Customers to the total of all Transportation Customers of the benefited affiliates.

**BASIS 15**

**NUMBER OF COMMERCIAL CUSTOMERS**

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Commercial Customers to the total of all Commercial Customers of the benefited affiliates.

**BASIS 16**

**NUMBER OF RESIDENTIAL CUSTOMERS**

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Residential Customers to the total of all Residential Customers of the benefited affiliates.

**BASIS 17**

**NUMBER OF HIGH PRESSURE CUSTOMERS**

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its High Pressure Customers to the total of all High Pressure Customers of the benefited affiliates.

**BASIS 20**

**DIRECT COSTS**

- Job order charges will be allocated to each benefitted affiliate on the basis of the relation of its direct costs billed by Service Corporation to the total of all direct costs billed by Service Corporation.

NEW		AR	AB	AS	AF	AG	AH	AI	AJ	AT	AK	AL	AM	AN	AO	AD	AP
#	SYM																
11	CG	.....	.....	.....	.....	0.23	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
12	CS	.....	.....	.....	10.56	.....	.....	.....	.....	.....	.....	.....	.....	11.97	.....	.....	.....
14	CGT	8.24	6.79	.....	6.07	6.52	6.66	6.80	6.79	24.11	6.79	.....	6.57	6.78	.....	.....	.....
15	CES	0.16	.....	2.89	0.10	0.13	0.14	.....	.....	.....	.....	.....	0.13	0.12	.....	.....	.....
20	CNS	0.02	.....	0.48	0.02	0.02	.....	.....	.....	.....	.....	.....	0.02	0.02	.....	.....	.....
22	CIC	0.67	.....	12.09	0.44	0.54	.....	.....	.....	.....	.....	.....	0.55	0.50	.....	.....	.....
24	ETP	0.48	.....	8.88	0.32	0.39	.....	.....	.....	.....	.....	.....	0.40	0.36	.....	.....	1.07
32	CKY	2.06	1.72	.....	1.46	1.64	1.69	1.72	1.72	.....	1.72	2.87	1.66	1.64	1.84	5.36	.....
34	COH	15.40	12.90	.....	10.86	12.28	12.66	12.93	12.90	.....	12.90	.....	12.42	.....	13.82	39.44	.....
35	CMD	0.62	0.51	.....	0.45	0.49	0.50	0.51	0.51	.....	0.51	0.86	0.49	0.50	0.55	1.66	.....
37	CPA	7.89	6.64	.....	5.49	6.30	6.52	6.65	6.64	.....	6.64	11.07	6.38	6.18	7.09	19.70	.....
38	CGV	4.06	3.38	.....	2.91	3.23	3.31	3.38	3.38	.....	3.38	5.66	3.26	3.26	3.63	10.76	.....
44	NPC	0.23	0.19	.....	0.17	0.18	0.19	.....	0.19	0.69	0.19	.....	0.19	0.19	.....	.....	.....
45	CPL	0.04	0.04	.....	0.03	0.03	0.04	.....	0.04	0.14	0.04	.....	0.03	0.03	.....	.....	.....
47	CFC	0.00	.....	0.01	0.00	0.00	.....	.....	.....	.....	.....	.....	0.00	0.00	.....	.....	.....
51	TCO	.....	20.42	.....	17.83	19.56	20.05	20.47	20.42	74.49	20.42	.....	19.73	19.96	22.01	.....	.....
52	CAT	0.02	.....	0.33	0.01	0.01	.....	.....	.....	.....	.....	.....	0.02	0.01	.....	.....	.....
54	REM	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
58	NSI	.....	.....	.....	.....	0.54	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
59	NIP	46.83	38.81	.....	33.94	37.17	38.09	38.90	38.81	.....	38.81	65.15	37.51	37.99	41.84	.....	92.31
60	NDC	0.80	.....	17.11	0.54	0.64	.....	.....	.....	.....	.....	.....	0.65	0.61	.....	.....	.....
62	NCM	0.02	.....	0.37	0.01	0.02	.....	.....	.....	.....	.....	.....	0.02	0.02	.....	.....	.....
63	NES	0.00	.....	0.05	0.00	0.00	.....	.....	.....	.....	0.00	.....	0.00	0.00	.....	.....	.....
64	KGF	0.56	0.47	.....	0.39	0.45	0.46	0.47	0.47	.....	0.47	0.78	0.45	0.44	0.50	.....	1.14
65	NIF	0.69	0.58	.....	0.49	0.55	0.57	0.58	0.58	.....	0.58	0.96	0.55	0.55	0.62	.....	1.40
68	EUS	0.00	.....	0.01	0.00	0.00	.....	.....	.....	.....	.....	.....	0.00	0.00	.....	.....	0.00
69	PEI	2.10	.....	57.51	1.54	1.66	1.69	.....	.....	.....	.....	.....	1.68	1.72	.....	.....	4.08
71	NRS	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
73	GSG	.....	.....														

[illegible]





**COLUMBIA ENERGY GROUP SERVICE CORPORATION**  
**READ FOR SEP/AUG 2004**  
**COMMENCING MARCH 2004 BILLING**

		<b><u>BASIS 14</u></b> <b><u># of Transportation</u></b> <b><u>Customers</u></b>	<b><u>BASIS 15</u></b> <b><u>Total Employees,</u></b> <b><u>Customers</u></b>	<b><u>BASIS 16</u></b> <b><u>Total Plant,</u></b> <b><u>State Employees,</u></b> <b><u>Customers</u></b>	<b><u>BASIS 17</u></b> <b><u>Total Tariff</u></b> <b><u>&amp; Transportation</u></b>
<b><u>#</u></b>	<b><u>SYM</u></b>	<b><u>ND</u></b>	<b><u>OD</u></b>	<b><u>PD</u></b>	<b><u>QD</u></b>
11	CG	.....	.....	.....	.....
12	CS	.....	.....	.....	.....
14	CGT	.....	.....	.....	.....
15	CES	.....	.....	.....	.....
20	CNS	.....	.....	.....	.....
22	CIC	.....	.....	.....	.....
24	ETP	.....	.....	.....	.....
32	CKY	1.38	6.52	7.52	7.00
34	COH	76.69	63.95	56.10	60.16
35	CMD	1.31	1.47	2.10	1.37
37	CPA	18.13	18.42	22.37	17.40
38	CGV	2.49	9.64	11.91	14.07
44	NPC	.....	.....	.....	.....
45	CPL	.....	.....	.....	.....
47	CFC	.....	.....	.....	.....
51	TCO	.....	.....	.....	.....
52	CAT	.....	.....	.....	.....
54	REM	.....	.....	.....	.....
58	NSI	.....	.....	.....	.....
59	NIP	.....	.....	.....	.....
60	NDC	.....	.....	.....	.....
62	NCM	.....	.....	.....	.....
63	NES	.....	.....	.....	.....
64	KGF	.....	.....	.....	.....
65	NIF	.....	.....	.....	.....
68	EUS	.....	.....	.....	.....
69	PEI	.....	.....	.....	.....
71	NRS	.....	.....	.....	.....
73	GSG	.....	.....	.....	.....
75	NFC	.....	.....	.....	.....
76	NUM	.....	.....	.....	.....
77	NUN	.....	.....	.....	.....
78	NET	.....	.....	.....	.....
80	BSM	.....	.....	.....	.....
TOTAL		<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

NEW		KF	KG	KH	KM	KP	KQ	KR	KD	KS	KT	KA	KX	KW	KB	KC	KE
#																	
11	CG	.....	.....	.....	.....	.....	.....	.....	.....	0.00	.....	0.00	.....	.....			
12	CS	17.22	.....	.....	.....	17.31	.....	.....	.....	27.89	.....	0.00	.....	.....			27.90
14	CGT	2.97	3.59	3.60	3.60	2.99	15.94	98.80	.....	4.82	.....	6.68	.....	.....			4.82
15	CES	0.00	0.00	0.00	0.00	.....	0.00	0.00	.....	0.00	.....	0.00	.....	.....			
20	CNS	0.02	0.03	.....	0.03	.....	0.13	.....	.....	0.04	.....	0.05	.....	.....			
22	CIC	0.00	0.00	.....	0.00	.....	0.00	.....	.....	0.00	.....	0.00	.....	.....			
24	ETP	0.31	0.38	0.38	0.38	.....			.....		0.82		89.66	.....	0.85		
32	CKY	2.13	2.57	2.58	2.58	2.14	.....	.....	6.40	3.45	.....	4.79	.....	9.14		8.23	3.45
34	COH	13.76	16.63	16.66	16.65	13.83	.....	.....	41.31	22.29	.....	30.91	.....	59.04		53.13	22.30
35	CMD	0.54	0.65	0.66	0.66	0.54	.....	.....	1.63	0.88	.....	1.22	.....	.....		2.09	0.88
37	CPA	6.98	8.44	8.45	8.45	7.02	.....	.....	20.96	11.31	.....	15.68	.....	.....		26.96	11.31
38	CGV	2.48	3.00	3.00	3.00	2.49	.....	.....	7.44	4.02	.....	5.57	.....	.....		9.59	4.02
44	NPC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	.....	.....	0.00	.....	.....	.....			
45	CPL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	.....	0.00	.....	0.00	.....	.....			
47	CFC	0.00	0.00	.....	0.00	.....	.....	.....	.....	0.00	.....	0.00	.....	.....			
51	TCO	15.63	18.88	18.92	18.91	15.71	83.74	.....	.....	25.30	.....	35.10	.....	.....			25.32
52	CAT	0.00	0.00	.....	0.00	0.00	0.00	.....	.....	0.00	.....	0.00	.....	.....			
54	REM	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....			
58	NSI	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.00	.....	.....	.....			
59	NIP	28.97	35.00	35.06	35.05	29.12	.....	.....	.....	.....	75.99	.....	.....	.....	78.94		
60	NDC	0.00	0.00	0.00	0.00	.....	.....	.....	.....	.....	0.00	.....	.....	.....			
62	NCM	0.00	0.00	0.00	0.00	.....	.....	.....	.....	.....	0.00	.....	.....	.....			
63	NES	0.00	0.00	.....	0.00	0.00	0.00	0.00	.....	.....	0.00	.....	.....	.....			
64	KGF	0.70	0.84	0.85	0.84	0.70	.....	.....	.....	.....	1.83	.....	.....	.....			
65	NIF	0.69	0.83	0.83	0.83	0.69	.....	.....	.....	.....	1.80	.....	.....	.....			
68	EUS	0.00	0.00	0.00	0.00	.....	.....	.....	.....	.....	0.00	.....	0.00		0.00		
69	PEI	0.04	0.04	0.04	0.04	.....	0.19	1.20	.....	.....	0.09	.....	10.34				
71	NRS			.....		.....	.....	.....	.....	.....		.....	.....	.....			
73	GSG	0.06	0.07														
75	NFC	0.00	0.00	.....	0.00	.....	.....	.....	.....	.....	0.00	.....	.....	.....			
76	NUM	0.37	0.45	0.44	0.44	0.36			1.08		0.95			1.55	0.98		
77	NUN	0.72	0.86	0.85	0.86	0.72			2.13		1.87			3.05	1.94		
78	NET	0.06	0.07	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....			
80	BSM	6.35	7.67	7.68	7.68	6.38	.....	.....	19.05	.....	16.65	.....	.....	27.22	17.29		
TOTAL		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

[illegible]

[illegible]